



News Release

PRESS OFFICE

Release Date: December 22, 2009

Release Number: 09-83

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Additional Funding for SBA Recovery Lending Programs will Support \$4.5 Billion in Small Business Lending

Agency plans to restart Recovery loan approvals by Dec. 28

WASHINGTON – President Obama signed the U.S. Department of Defense (DOD) appropriations bill on Saturday, which included \$125 million to continue through Feb. 28, 2010, the enhancements made possible through the American Recovery and Reinvestment Act (ARRA) to SBA's two largest loan programs. The SBA estimates the **additional** funding will support \$4.5 billion in small business lending.

New approvals of loans with the higher guarantee and reduced fees made possible by ARRA are expected to begin by Dec. 28. Loan applications from borrowers who chose to be placed in the SBA's Recovery Loan Queue will be funded first, followed by new loan approvals beginning on or before Dec. 28.

"This Administration and Congress recognize that these key programs were successful in helping jump-start the economic recovery for America's small businesses," said SBA Administrator Karen Mills. "The increased guarantee and reduced fees on SBA loans helped put more than \$16.5 billion in the hands of small business owners and brought more than 1,200 lenders back to SBA loan programs. The extension of these programs through February is important to continuing our path toward recovery and will mean thousands more small business owners have access to the credit they need."

"Just two weeks ago, President Obama laid out key aspects of his jobs plan, including significant ongoing support for small businesses. We will continue to work with Congress on moving those proposals forward, including extending these loan enhancements as the President has called for, to ensure that small business owners have the tools they need to drive economic growth and create jobs in communities all across the country."

As part of ARRA, SBA received \$730 million, which included \$375 million to increase the SBA guarantee on 7(a) loans to 90 percent and to waive borrower fees on most 7(a) and 504 loans. More information about the waived fees can be found [here](#). The funds for these programs were exhausted on Nov. 23.

SBA created the Recovery Loan Queue as part of its transition back to pre-ARRA lending on Nov. 23 because previously approved loans are sometimes canceled or never disbursed for a variety of reasons. Eligible small businesses, in consultation with their lender, could choose to

be placed in the queue for possible approval of an ARRA loan if funding became available. Currently there are 1,069 loans totaling almost \$530 million in the Recovery Loan Queue.

The extension included in the DOD bill authorizes the higher guarantee levels through Feb. 28, 2010. The fee relief is authorized until this additional funding is exhausted or the end of the fiscal year, whichever comes first. As was the case in November, SBA will transition into a queue system as the funds start to wind down in order to ensure the maximum simulative effect of the programs and disbursement of funds.

For non-ARRA 7(a) or 504 loans funded during the transition period, this extension does not provide a retroactive guarantee or waived fees. Loans that were funded under non-ARRA terms cannot be canceled and resubmitted to take advantage of the ARRA extension provisions.

This extension does not affect other SBA ARRA programs, including the America's Recovery Capital (ARC) loan program or the agency's microloans. ARRA funding still remains for both of those programs.

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